

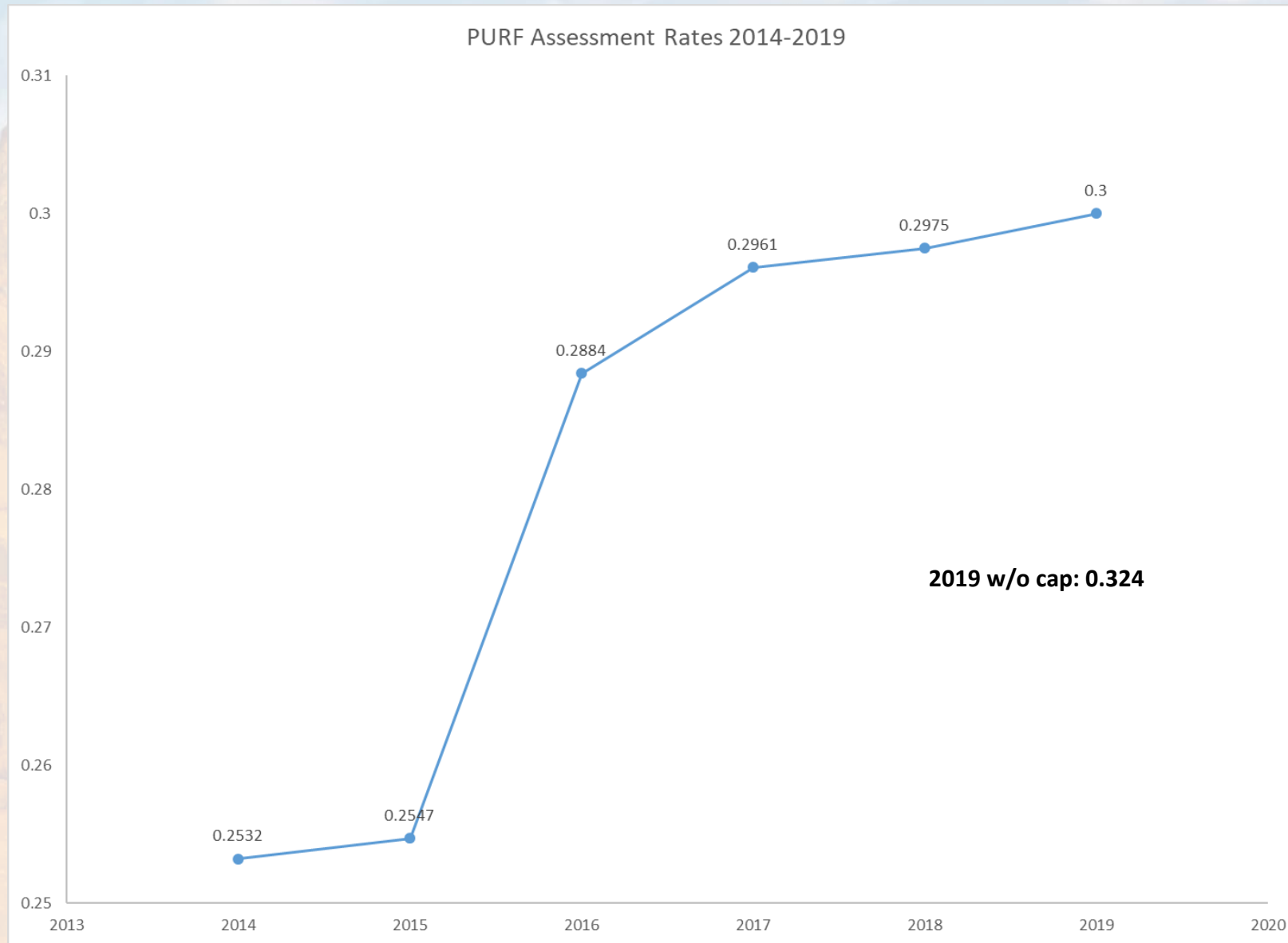


# Utility Regulatory Funding

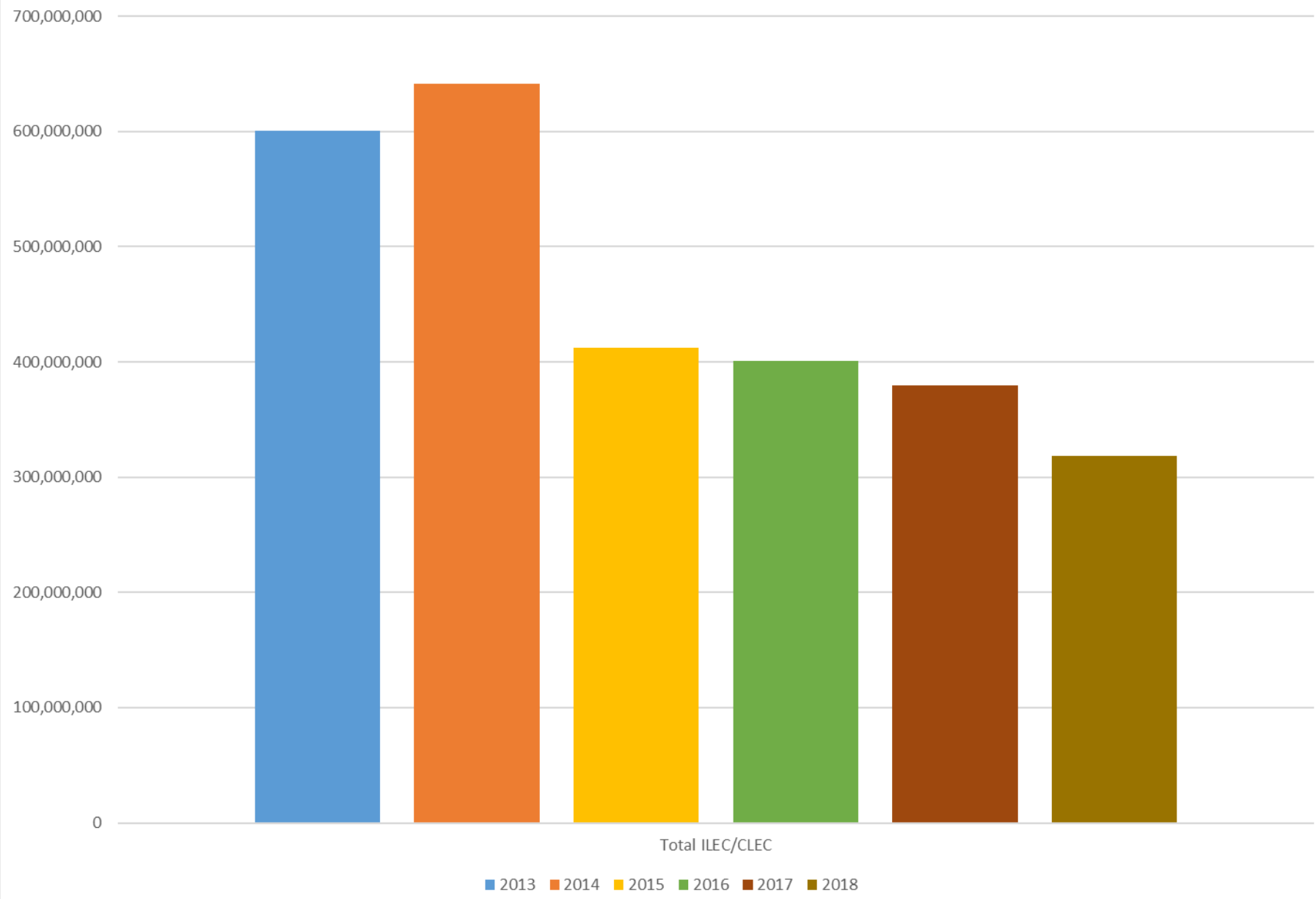
Chris Parker, Director, Utah Division of Public Utilities  
Utah Department of Commerce

# Regulatory Funding

- Regulatory agencies (PSC, DPU, OCS) funded through fees on utilities we serve
- Legislature appropriates agency budgets
- Utilities report annual revenues for Utah regulated services
- DPU calculates rate to recover appropriations
- Utilities pay assessments (rate regulated entities recover from ratepayers)
- Assessments capped at .3% of gross intrastate revenues (.15% for electric coops)
- Revenue declines have taken us above .3% (largely telecom)
- Regulatory workload has not decreased, but increased
- Telecom declines may be flattening, but it's too early to tell
- Exceeding the cap = agencies can't recover full budgets
- Change revenue collection or agencies limit services

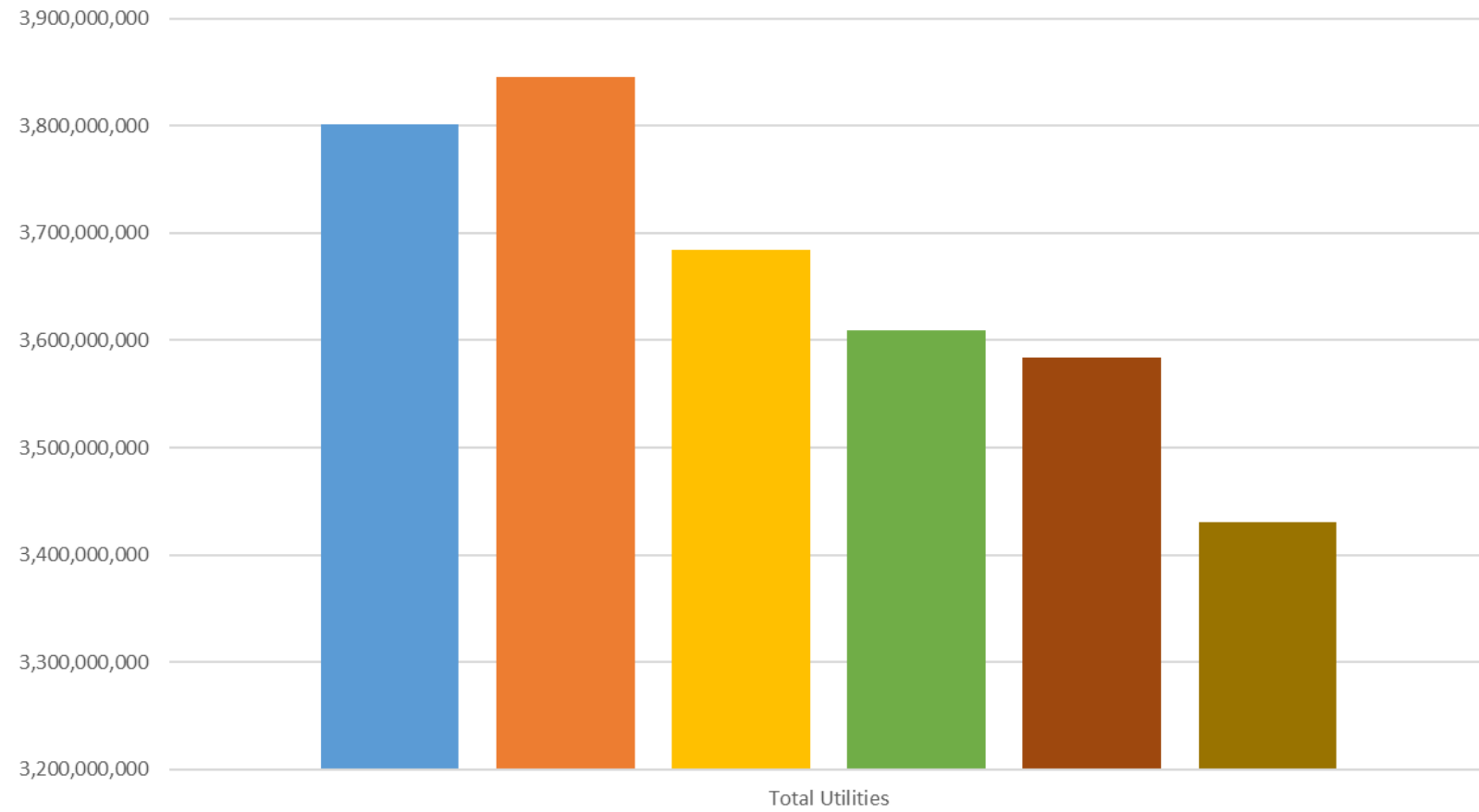


Telecom Revenues





## Total Utility Revenues



■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018

# Options

- Simple raise on .3% cap (affects all regulated utilities—not wireless telecoms)
- Allow use of USF for increment (focuses on problem's source—cord-cutting)
  - Focuses solution on sector where declines occurring
  - Allows future repayment with lapsing funds
  - Likely to have no or minimal impact on USF fund or rate
- Alter base of payers: include wireless telecoms at some level
- Fill with other source (would require foresight in appropriations)
- Agencies limit activities to reflect unrecoverable budgets (which functions?)
- Restructure utility funding—most states similar to Utah; non-utility customers would pay for regulation (municipalities, etc)